

FY 2011 Draft Substantial Amendment for Recipients of Emergency Solutions Grants Program Funds

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Summary of Consultation Process

Allocation of Funds and Eligible Activities

The Department conducted consultation workshops in Merced, Santa Rosa, Redding, and Los Angeles in February 2012, and participated in two homeless roundtable meetings and a national conference in Los Angeles. The Department discussed the allocation of funds and eligible activities, development of performance standards, and policies and procedures for the operation and administration of the Homeless Management Information System (HMIS) within the Emergency Solutions Grant (ESG) program.

- For the consultation workshops, all the Continuums of Care (38) serving the non-entitlement areas of the state were invited, as well as service providers in our emergency shelter programs under Federal Emergency Solutions Grant (FESG), Homeless Prevention and Rapid Re-Housing Program (HPRP), and the State funded Emergency Housing Assistance Program – Capital Development (EHAPCD).
- The Department attended the NORCAL Homeless Roundtable serving the Northern California area and the Bay Area Regional Homeless Roundtable serving the San Francisco Bay Area.
- The Department attended the National Alliance to End Homelessness conference in Los Angeles where service providers discussed the new ESG program; the HEARTH Act of 2009; and the HUD Interim Rule governing the ESG program for Round II and the ensuing FY 2012-13 funding period.

In general, the State's consultations provided the following insights:

- Allow each area to determine the kind of projects that are in alignment with the priorities set in the Continuums of Care (CoC).
- Provide a level playing field in terms of application points regardless of the number of ESG activities.
- Increase the funding available for Rapid Re-housing and Homelessness Prevention activities.
- Continue to fund Emergency Shelter activities; although with a clear vision of moving toward permanent housing.
- Continue to encourage the collaborations established under the efforts of HPRP.
- Allow all ESG Activities with limited caps by the State, with perhaps some oversight on the amount of funds spent on HMIS.
- A general understanding of how funds would be used between ESG's Rapid Re-housing and Homelessness Prevention activities.

As a state government, serving a vast and diverse homeless population, and based on Stakeholder feedback, all activities under the federal ESG regulations will be eligible. The State will limit the aggregate amount allocated to stay within HUD's limits.

The State ESG allocation will be divided into five smaller allocations described below:

New Programs: A program qualifies if it has been in operation for less than two years from the date of the applicable Notice of Funding Availability (NOFA), and the organization applying on behalf of the program must not have received State FESG or HPRP funds in the previous two funding rounds.

Northern California: Available to programs in ESG-eligible localities within Northern California urban counties.

Southern California: Available to programs in ESG-eligible localities within Southern California urban counties.

Rural: Available to programs in ESG-eligible localities within non-urban counties.

General: Available to programs that do not rank high enough to be funded out of the New Program, Northern California, Southern California or Rural allocations. All programs not funded may receive General allocation funds based on their application scores.

Unless a justification for a greater number is provided, no more than 11% of each application may be used for HMIS activities

Performance Standards Development

Each subrecipient is required to participate in the appropriate HMIS system. The subrecipients will be required to provide reports to the State on a quarterly and annual basis using data extracted from the local HMIS. The State aggregates that data and submits information into the two federal reporting systems, E-SNAPS and IDIS. When inputting performance data into IDIS, the State uses IDIS performance measurement "availability/accessibility" and "affordability". These are the most appropriate performance measurements for the expected clientele.

The State will award points based on outcomes proposed by subrecipients in their applications for funding. Some examples of outcomes are:

- Percentage of all program participants who have exited the program and moved into permanent housing
- Percentage of adult participants that have obtained other income
- Percentage of at-risk participants that are physically, mentally or emotionally disabled and are assisted with homelessness prevention activities
- Percentage of homeless veterans assisted with rapid re-housing activities.

Each CoC organization will score the “Need for funds” rating category on the following factors:

- ESG funds as a percentage of the total Project costs
- How the applicant leveraged their Project with non-ESG funds
- How the Project aligns with the priorities of the CoC based on the relative level of need for the type of housing proposed

Each CoC shall develop their guidelines for scoring the Need for Funds; and take measures for meeting the conflict of interest rules.

Scoring for the Need for Funds shall be documented in the Certificate of Local Need which is part of the ESG Application.

State Objective points will be awarded to:

- applicants serving the underserved areas of the State
- applicants serving homeless veterans and the chronically homeless populations.

HMIS Funding Policies and Procedures

As a result of widespread use of HPRP in the State’s service area, all but a few counties have active CoC’s with HMIS systems. The State does not dictate vendor selection but requires the data elements per the HUD requirements. Subrecipients will be encouraged to meet with their CoC organizations to establish relationships, HMIS access, an understanding of budgetary considerations, and training needs of personnel.

The State will not set a cap on HMIS activities. However, the State will require applicants requesting more than 11% of their budget for HMIS, to include a justification for the amount in their ESG application.

Summary of Citizen Participation Process

The citizen participation will be placed here after the 30-day public comment process is over.

Match

Each subrecipient is required to match 100% of the ESG award. The match is normally provided by State, CDBG, foundation grants, in kind contributions, local, and private funds.

Proposed Activities

ESG funds received for FY 2011 Round II allocation will be awarded within 60 days of receipt of the HUD grant agreement. Contracts are expected to begin on July 1, 2012 and end on June 30, 2013. However, the contract period will be dependent upon the date that the HUD grant agreement is executed. The State reallocates, within the same allocation year, any disencumbered funds recovered from underperforming subrecipients.

Activity Descriptions and Types Served

<u>ESG Eligible Activity</u>	<u>Description</u>	<u>Types of persons to be served/Estimated persons to be served*</u>
Rapid Re-housing/Stabilization Services	All eligible activities under ESG	All homeless persons meeting the Income requirements; and serving all 4 categories of Homelessness Round II: (1,457 persons)
Homelessness Prevention/Stabilization Services	All eligible activities under ESG	All persons meeting the income and at risk requirements. Round II: (584 persons)
Emergency Shelter Activities	Operations and Essential Services for Emergency Shelter, Transitional housing, and day centers	All homeless persons meeting the Income requirements; and serving all 4 categories of Homelessness Round II: (822 persons)
Street Outreach	All eligible activities under ESG	Literally homeless persons/families in the field. Round II: (360 persons)
HMIS	All program participants, with the exception of DV clients and/or those assisted under legal assistance and protected category shall be included in the HMIS data collection. DV and legal services participants shall be reported in "comparable database" per ESG regulations.	All program participants shall be either homeless or at risk of becoming homeless. Round II: (3,223 persons)

* Persons count based upon HPRP experience: HP/ST=\$997 per person; RR/ST=\$1,408 per person; Emergency Shelter=\$365 per person; Street Outreach estimated at \$150 per person.

Standard Performance Objective Categories

ESG Activity Category Round II	Performance Objective		Performance Outcome	
	Create Suitable Living Environment	Provide Decent Affordable Housing	Availability & Accessibility	Affordability
Emergency Shelter	Supporting homeless persons		822 persons	
Street Outreach	Essential Services		360 persons	
Homelessness Prevention		Homelessness prevention Stabilization and Rental assistance		584 persons
Rapid Re-Housing		Rental assistance & stabilization		1,457 persons

This list reflects the broader range of eligible activities allowed by the new federal ESG regulations.

List of Activities

All activities described in the HUD interim rule are eligible, but as noted in “Allocation of Funds”, immediately below, Round II Emergency Shelter funds may only be awarded to projects which did not receive Round I funds.

Discussion of Funding Priorities

The Department conducted four consultation workshops with CoC’s, service providers and stakeholders in February 2012. Additionally, the Department received input from the NORCAL Homeless Roundtable and the Bay Regional Homeless Roundtable serving the Northern San Francisco Bay region.

The Department embedded the priorities established in *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* in the scoring criteria utilized to rate FY 2011 ESG applications. The Department emphasized the following objectives: increased collaboration, increased outcomes related to client's accessing permanent housing, increased economic security, increased access to mainstream services, improved health and stability, and changing funding priorities from emergency shelter to rapid re-housing and homelessness prevention.

The Department shall emphasize these objectives by awarding points to applicants whose projects propose to achieve the following outcomes. For example: percentage of all program participants who have exited the program and moved into permanent housing; percentage of adult participants that have obtained other income; percentage of at-risk participants that are physically, mentally or emotionally disabled and are assisted with homelessness prevention activities; percentage of homeless veterans assisted with rapid re-housing activities

Allocation of Funds

Consistent with the advice provided at the consultation workshops, the State will implement the Round II funding NOFA with these goals:

- Maintaining some sort of geographic distribution
- Rating and ranking like activities against one another
- Developing performance standards based on local program design and needs
- Reasonable funding limits on HMIS activities are acceptable provided subrecipients have the ability to request exceptions with justification as needed.
- Restricting eligibility for Round II Emergency Shelter funds only to projects which did not receive Round I funds.

Obstacles addressing underserved needs in the community

The State seeks to address underserved needs in the community by taking these actions:

- For those counties who are not part of a CoC, the State shall provide State objectives points to any applicant that will serve those counties. Additionally, the State has encouraged surrounding CoC's to expand and include these underserved counties.
- Not all CoC's have an HMIS system, therefore, the State has encouraged those CoC's to utilize neighboring CoC's with HMIS systems, with the aim at eventually developing their own level of proficiency with HMIS.
- Serving homeless veterans and the chronically homeless remains a challenge. Increased communications will continue with the state Department of Veteran

Affairs, and Mental Health Department. The State will provide State Objective points to applicants serving these target populations.

A greater level of collaboration between the CoC, the State, and Service Providers remains a program objective. This is the first year CoC organizations will be allowed to score a portion of the rating points.

Detailed Budget based on actual Round I fund distribution and anticipated use of Round II funds.

FY 2011 Detailed Budget Table					
First Allocation	\$6,900,617	FY 2011 - <u>Emergency Shelter Grants/Emergency Solutions Grants</u> <u>Program Allocations</u>			
Second Allocation	\$3,881,597				
Grant Amount	\$10,782,214				
Total Administration	\$808,666				
		First Allocation		Second Allocation	Total Fiscal Year 2011
	Eligible Activities	Activity Amount	Reprogrammed Amount	Activity Amount	Activity Amount
Emergency Shelter Grants Program	Homeless Assistance	\$6,115,251	\$0		\$6,115,251
	Rehab/Conversion	\$0			\$0
	Operations	\$3,875,711			\$3,875,711
	Essential Services	\$2,239,540			\$2,239,540
	Homelessness Prevention	\$443,096			\$443,096
	Administration	\$342,270			\$342,270
	Emergency Shelter Grants Subtotal	\$6,900,617	\$0		\$6,900,617
Emergency Solutions Grants Program	Emergency Shelter**			\$300,000	\$300,000
	Renovation**			\$0	\$0
	Operation**			\$200,000	\$200,000
	Essential Service**			\$100,000	\$100,000
	URA Assistance**			\$0	\$0
	Street Outreach - Essential Services**			\$54,077	\$54,077
	HMIS			\$426,976	\$426,976
	Rapid Re-housing		\$0	\$2,051,909	\$2,051,909
	Housing Relocation and Stabilization Services			\$504,608	\$504,608
	Tenant-Based Rental Assistance			\$773,650	\$773,650
	Project-Based Rental Assistance			\$773,651	\$773,651
	Homelessness Prevention		\$0	\$582,239	\$582,239
	Housing Relocation and Stabilization Services			\$194,079	\$194,079
	Tenant-Based Rental Assistance			\$388,160	\$388,160
	Project-Based Rental Assistance				\$0
	Administration			\$466,396	\$466,396
	Emergency Solutions Grants Subtotal		\$0	\$3,881,597	\$3,881,597
		Total Grant Amount:			\$10,782,214

**Allowable only if the amount obligated for homeless assistance activities using funds from the first allocation is less than the expenditure limit for emergency shelter and street outreach activities.

Written Standards

HUD requires the adoption of written standards for the administration of ESG funds. Subrecipients will be responsible to provide their written standards with their application to HCD. Each subrecipient's written standards are subject to Department approval, pursuant to HUD requirements at 24 CFR 576.400(e), before ESG funds can be expended. At a minimum the written standards will include the following:

The written standards required in ESG must be established for each area covered by a Continuum of Care or area over which the services are coordinated and followed by each subrecipient providing assistance in that area, or by each subrecipient and applied consistently within the subrecipient's program.

- i. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under Emergency Solutions Grant (ESG). The policies and procedures must be consistent with the recordkeeping requirements and definitions of "homeless" and "at-risk of homelessness" in the federal ESG regulations at: 24 CFR 576.2 and 24 CFR 576.500 (b-e).
- ii. Standards for targeting and providing essential services related to street outreach.
- iii. Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest.
- iv. Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter.
- v. Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers; other homeless assistance providers; and mainstream service and housing providers. The required coordination may be done over an area covered by the Continuum of Care or a larger area.
- vi. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance. For homeless prevention, include the risk factors used to determine who would be most in need of this assistance to avoid becoming homeless.

- vii. Standards for determining what percentage or amount, (if any), of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance. If the assistance will be based on a percentage of the participant's income, specify this percentage, and how income will be calculated.
- viii. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time. One-year lease required for project-based assistance. Annual participant evaluations required with rapid re-housing assistance; 3-month evaluations required with homeless prevention assistance. Individual assistance cannot exceed 24 months in a 3-year period.
- ix. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receive assistance; or the maximum number of times the program participant may receive assistance. Note: ESG regulations limit this assistance to no more than 24 months in a 3-year period. Housing stability case management is limited as specified on pp. 75979-80 of the federal regulations.
- x. *Participation in HMIS.* The recipient must ensure that data on all persons served and all activities assisted under ESG are entered into the applicable community-wide HMIS in the area in which those persons and activities are located, or a comparable database, in accordance with HUD's standards on participation, data collection, and reporting under a local HMIS.

Making Sub-awards

The ESG process to implement the program shall continue as in past years as follows:

1. Notice of Funding Availability and Application are released. All applications are competitive.
2. The State will conduct a NOFA and Application Workshop to eligible applicants: units of general purpose local government; and non-profit organizations, including community and faith-based organizations serving non-entitlement areas not receiving HUD ESG funding directly.
3. Applications are evaluated to ensure their written standards meet HUD requirements.
4. The Applications are received and Rated & Ranked in accordance with the Five Evaluation Categories: Applicant Capability; Impact & Effectiveness; Need for Funds; Cost Efficiency; and State Objectives.

5. Awards are made in rank order of scores with each region or project type allocation. Awards are limited as necessary to comply with federal funding limits, e.g. Emergency Shelter.
6. Standard Agreements are executed with the Department.
7. Funds are made available for the Scope of Work identified in the Standard Agreement and the Application. The application is incorporated by reference into State's Standard Agreement.
8. The State conducts fiscal management of the ESG funds via the Department's computer database system, and the HUD IDIS financial database.
9. The State monitors the contract and provides for risk assessments, site monitoring visits and/or desk audits of the programs funded with ESG funds.
10. The State offers technical assistance to all subrecipients.
11. The State provides oversight by evaluating reports and conducts the final contract close-outs at contract termination.

Performance Standards

Refer to #2 of the Summary of Consultation Process.

The Department recognizes that performance standards will evolve over the next few years as the ESG Interim Rule is implemented. In addition, ESG subrecipients should improve their program outcomes through the evaluation of the HMIS data and through integration of ESG services into their local CoC. This first year of implementation of the ESG program will allow the Department to gain baseline data about specific performance measures and performance standards.

Requirements for Optional Changes

Centralized and Coordination Assessment Systems

Within the State of California ESG eligible jurisdictions there are 38 Continuums of Care. The stakeholder meetings revealed that there are various coordinated assessment systems, including but not limited to, "one stop shop", coordinated case management team meetings on individual clients, and coordinated written information sources. Pursuant to 24 CFR 576.400 (d), once HUD promulgates requirements for a centralized assessment system the Department will work with the local CoC's to ensure that this system is consistent with ESG written standards. This would include addressing the exception for victim service providers.